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March 2, 2020

**Via E-mail and Hand Delivered**

Kevin McDonald  
Chief, Certificate of Need  
Maryland Health Care Commission  
4160 Patterson Ave.  
Baltimore, MD 21215

Re: **Baltimore Detox Center, LLC**  
**Response to Project Status Conference**  
**Docket No. 18-03-2419**

Dear Mr. McDonald:

This letter is in response to the project status conference and your letter dated February 21, 2020 regarding the above-referenced Certificate of Need application submitted by Baltimore Detox Center, LLC (“BDC” or the “Applicant”).

At the project status conference, Commission staff identified four areas for which additional information is needed before staff can make a positive recommendation to the Commission: (1) Bed Complement; (2) Revenue and Expense Projections; (3) Provision of Services to Indigent and Gray Area Patients; and (4) the Project’s Budget. You have also asked for clarification regarding the relationship of the Applicant to Amatus Health, LLC, and its affiliates with common ownership with BDC. Following are the Applicant’s responses to each of the identified areas of requested clarification.

**Clarification of BDC Ownership & Relationship to Amatus Health LLC and Affiliates**

BDC is owned by Michael Silberman, Yitzchok (Mark) Gold, Baruch Rabhan, and Kabir Singh. BDC will own the facility and the license for the Baltimore Detox Center (the “Center”), but will have agreements with Amatus Health, LLC to provide business management/operational services, and with Amatus Recovery Centers, LLC to provide placement and business development services to the Center. Michael Silberman, Yitzchok (Mark) Gold, and Baruch Rabhan hold their ownership interests in BDC through a holding company named MBM Ventures, LLC, which is owned in equal 1/3 shares by all three gentlemen. A chart showing the ownership of BDC and relationship between Amatus Health and Amatus Recovery Centers is at Attachment 1.

MBM Ventures, LLC is the managing member for, and has or had an ownership interest in in the following health care facilities, with the following dates of ownership or commencement of operation, whichever first occurred:

<b>FACILITY</b>	<b>ADDRESS</b>	<b>SERVICES</b>	<b>DATES OF OWNERSHIP</b>
<b>MARYLAND</b>			
Foundations Recovery Center, LLC	1825 Woodlawn Drive Woodlawn, MD 21207	OP, IOP, PHP	May 18, 2018-present
Fresh Start Recovery Center, LLC	15886 Gaither Dr. Suite B Gaithersburg, MD 20877	OP, IOP, PHP	May 1, 2017-present
Awakenings Recovery Center, LLC	111 S. Potomac Street Hagerstown, MD 21740	Residential ASAM 3.5	Feb. 13, 2019 - present
<b>OHIO</b>			
Midwest Detox Center, LLC	1757 Indian Wood Circle Maumee, OH 43537	Detoxification ASAM 3.7 and Residential ASAM 3.5	April 20, 2018 – present
Midwest Recovery Center, LLC	754 New West Road Toledo, OH 43617	OP, IOP, PHP	April 20, 2018 - present
Ohio Detox Center (independent venture of Midwest Detox Center, LLC)	1757 Indian Wood Circle Maumee, OH 43537	Detoxification ASAM 3.7 and Residential ASAM 3.5	Nov. 13, 2018 – present
Ohio Treatment Center (independent venture of Midwest Recovery Center, LLC)	7540 New West Road Toledo, OH 43617	OP, IOP, PHP	July 25, 2018 - present
<b>FLORIDA</b>			
Healing Solution Center LLC d/b/a Breakthrough Detox Center	Miami, FL	Outpatient treatment, IOP, Day or Night Treatment with community housing	March 5, 2018 – Oct. 1, 2018
Coconut Recovery d/b/a More Life Recovery Center	Hollywood, FL	Outpatient treatment, IOP, Day or Night Treatment with community housing	Feb. 1, 2018 – Oct. 1, 2018
Serenity House Detox Palm Beach, LLC	7357 Wilson Road West Palm Beach, FL 33414	Detoxification ASAM 3.7 and Residential ASAM 3.5	Jan. 15, 2020 - present
<b>GEORGIA</b>			
Atlanta Detox Center, LLC & Atlanta Center for Mental Health	277 Medical Way Riverdale, GA 30274	Detoxification ASAM 3.7 and Residential ASAM 3.5	Sept. 12, 2018 - present
East Point Recovery Center, LLC d/b/a Georgia Addiction Treatment Center	100 Governors Trace Suite 109-110 Peachtree City, GA 30269	OP, IOP, PHP	May 22, 2018 - present
<b>NEW HAMPSHIRE</b>			
Blueprint Recovery Center, LLC	2 Chenell Drive Concord, NH 03301	OP, IOP, PHP	Oct. 2, 2018 – present
<b>TEXAS</b>			
SH Detox Houston, LLC d/b/a Serenity House Detox	9714 S. Gessner Road Houston, TX 77071	Detoxification ASAM 3.7 and Residential ASAM 3.5	Jan. 15, 2020 - present

Mr. Kabir Singh also has an ownership interest in some of these entities. A chart showing the ownership of these entities attached as Attachment 2.<sup>1</sup>

MBM Ventures, LLC also owns a 78% interest in Amatus Health, LLC and a 78% interest in Amatus Recovery Centers, LLC. Amatus Health, LLC provides business management/operational services to the entities listed above. Amatus Recovery Centers LLC was formed on January 7, 2019 to spin off placement and business development services into a separate entity from Amatus Health, LLC. Amatus Recovery Centers, LLC will provide placement and business development services for BDC and for other entities in which MBM Ventures, LLC has an ownership interest.

### **Project Bed Complement**

The Center will operate as a 24-bed licensed inpatient detox center providing round-the-clock medically monitored withdrawal management services. Previously designated “residential” or “flex” beds are no longer being proposed for the Center. All of the Center’s 24 beds will be utilized by patients who require ASAM level 3.7 WM services exclusively. Staff has noted that the beds at the Center will need to be licensed at the highest level of use anticipated, which is consistent with the bed licensure classification 3.7 WM and the acuity level of detox patients projected to be admitted and treated at the Center.

An amended TABLE A Physical Bed Capacity Before and After Project, which shows the 24 beds to be located in 12 semi-private rooms, is found in the Revised CON Application Table Package at Attachment 3. An amended TABLE C Statistical Projections, which shows that all projected discharges and patient days at the Center will be at the ASAM level 3.7 WM, is included in Attachment 3. These utilization projections assume a high demand for detox services based upon the actual utilization of the Midwest Detox Center, an existing Amatus Health inpatient facility located in Toledo, Ohio. This 38-bed facility provides the same ASAM level of 3.7 WM inpatient detox services being proposed for the 24-bed Center in Baltimore County. Utilization data from that existing facility was reviewed for the period November 1, 2019 through January 31, 2020 and is shown in the following table:

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<sup>1</sup> Please note that the entities and persons identified on Attachment 2 consider the specific percentages of their ownership to be confidential and sensitive commercial information that is not normally provided to others. We respectfully request that the ownership percentages for the entities other than BDC be treated as confidential commercial information not subject to disclosure under the Public Information Act. We are providing a redacted copy of Attachment 2 that may be made available to the public.

## Midwest Detox Center

	Nov	Dec	Jan
	11/1/2019	12/1/2019	1/1/2020
	11/30/2019	12/31/2019	1/31/2020
Discharges	141	142	141
Average Length of Stay	7.3	7.3	7.3
Patient Days	1,034	1,042	1,034
Licensed Beds	36	36	36
Average Daily Census - per Payer Mix	34.5	33.6	33.4
Bed Occupancy	95.7%	93.4%	92.7%

BDC believes that the projected utilization of the Center will resemble the utilization of the Midwest Detox Center at the completion of its “ramp up” period. Also note that the ALOS at the Center is projected to increase slightly during the forecast period to account for re-admitted patients who are more likely to complete a course of detox than first-time admits. In no case, will a patient be provided residential care or services below the ASAM level 3.7 WM in the Center’s 24 beds.

BDC understands that supportive services must continue through several levels of treatment after completion of detox services at the Center to provide each client with the best chance of success to move past their addiction. Upon discharge from the Center, an individually-tailored plan for each patient will be implemented to continue the process of recovery best suited to each individual’s needs, including residential and outpatient care where appropriate. Clients transitioning to residential care may go to one of Amatus’s facilities including Awakenings Recovery Center in Hagerstown, Fresh Start Recovery Center in Gaithersburg, or the relocated Foundations Recovery Center, or to any facility of the client’s choosing in accordance with their discharge plan. Amatus Health LLC provides same-day transportation to its facilities in Maryland, and will coordinate transportation to any other residential facility.

### **Projected Revenues and Expenses**

A number of changes have been incorporated into a revised schedule of revenues and expenses for the Center based upon updated assumptions concerning the timing of the commencement of services, and the number and acuity of patients projected to be served.

If a CON is issued in March 2020, the Applicant is prepared to begin the necessary minor renovations to the existing building to house the Center and anticipates the renovation work can be completed by the end of this calendar year. This development schedule assumes that the Center will open and begin admitting and treating level 3.7 WM patients on January 1, 2021. As shown on TABLE C of Attachment 3, a three year “ramp up” period will enable the Center to



meet it utilization targets by CY 2024 and achieve an optimal occupancy rate of 97.5% in CY 2024.

As shown on TABLE D Revenues and Expenses – Uninflated, New Facility or Service, the charge for the level 3.7 WM detox services to be exclusively provided at the Center is projected at \$1,108 per day. On average, the net patient service revenue is projected at \$609.40. The difference is explained by the projected adjustments to gross revenues for charity care, bad debts and contractual adjustments. The Center intends to participate as a “network provider” with three major private third party payers in the Maryland marketplace as well as accept reimbursement for the treatment of Medicaid patients. Additional revenue associated with toxicology (urinalysis) is classified as Other Operating Revenues. On the expense side, the highest proportion of expenses is associated with the staff costs of the Center. These are shown on TABLE E. Workforce Information; projections have been made to correspond to anticipated costs in CY 2024. All of these financial projections have assumed that all patients will be treated at the Center at ASAM level 3.7 WM.

#### **Provision of Service to Indigent and Gray Area Patients**

The Center is committed to meeting the needs of indigent and gray area patients and to providing at least 15% of its proposed annual facility bed days to indigent or gray area populations. The Center’s projection of revenues and expenses assumes that 15% of the projected patient net patient revenues will be accounted as charity care for indigent and gray area patients who do not qualify for Medicaid, and the balance will be accounted for the adjustment to gross patient revenues for projected Medicaid payments as a participating provider.

The Center will track daily bed utilization broken down by patient payer mix, including a specific category for gray area and indigent patients, consistent with Amatus Health’s current practice at its Midwest Detox Center. Management will monitor the bed utilization payer mix on at least a monthly basis to ensure that at least 15% of its annual bed days are allocated to indigent or gray area patients. If at any time, the Center falls below 15% indigent and gray area care, the Center will adjust its admissions and/or outreach process to give admission priority to indigent and/or gray area patients to meet the 15%. Additional outreach efforts may include contacting one or more of BDC’s incoming referral providers in the Central Maryland Region including Greater Baltimore Medical Center, Lifebridge Health, Evolve Life Centers IOP, New Life Addiction Counseling, One Promise Counseling, Hope House Treatment Centers, Misha House, Turning Corners, and Concerted Care Group. All of these providers will be notified by community outreach staff for gray area referrals outside of regular contact if the threshold drops.

Other providers currently working with Amatus Health but referral agreements are still in works include Baltimore County Health Department, Anne Arundel County Health Department, Howard County Detention Center, Howard County Drug Court, Johns Hopkins Bayview and University of Maryland Medical Center. BDC is confident that in the case of a drop below 15% its current outreach efforts combined with already executed agreements will enable it to quickly raise its gray area percentage to above 15%.

BDC is also willing to agree to a condition for the submission of annual reports to the Commission auditing its total days of care and the provision of days of care to indigent and gray area patients as a percentage of total days of care, and to submit such reports for a period of five years from the Center's opening.

**Project Budget**

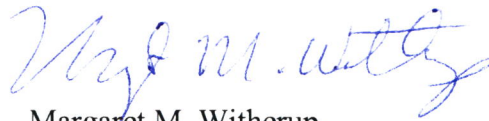
Because the project is for the establishment of a substance abuse treatment center exclusively providing detox ASAM level 3.7 WM services, all of the estimates provided in TABLE B Project Budget for the renovation costs and sources and uses of funds have been allocated to providing space for the 24 ASAM level 3.7 WM beds. A Revised TABLE B is included in Attachment 3 Revised CON Application Table Package.

**Conclusion**

Thank you for the opportunity to submit these responses to the Project Status Conference. Additional Affirmations from Messrs Gold, Albagh, and Coughlan are attached.

Please do not hesitate to contact me if you have any questions or need any additional information. We look forward to bringing BDC's much needed addiction treatment services to Maryland residents.

Very truly yours,



Margaret M. Witherup

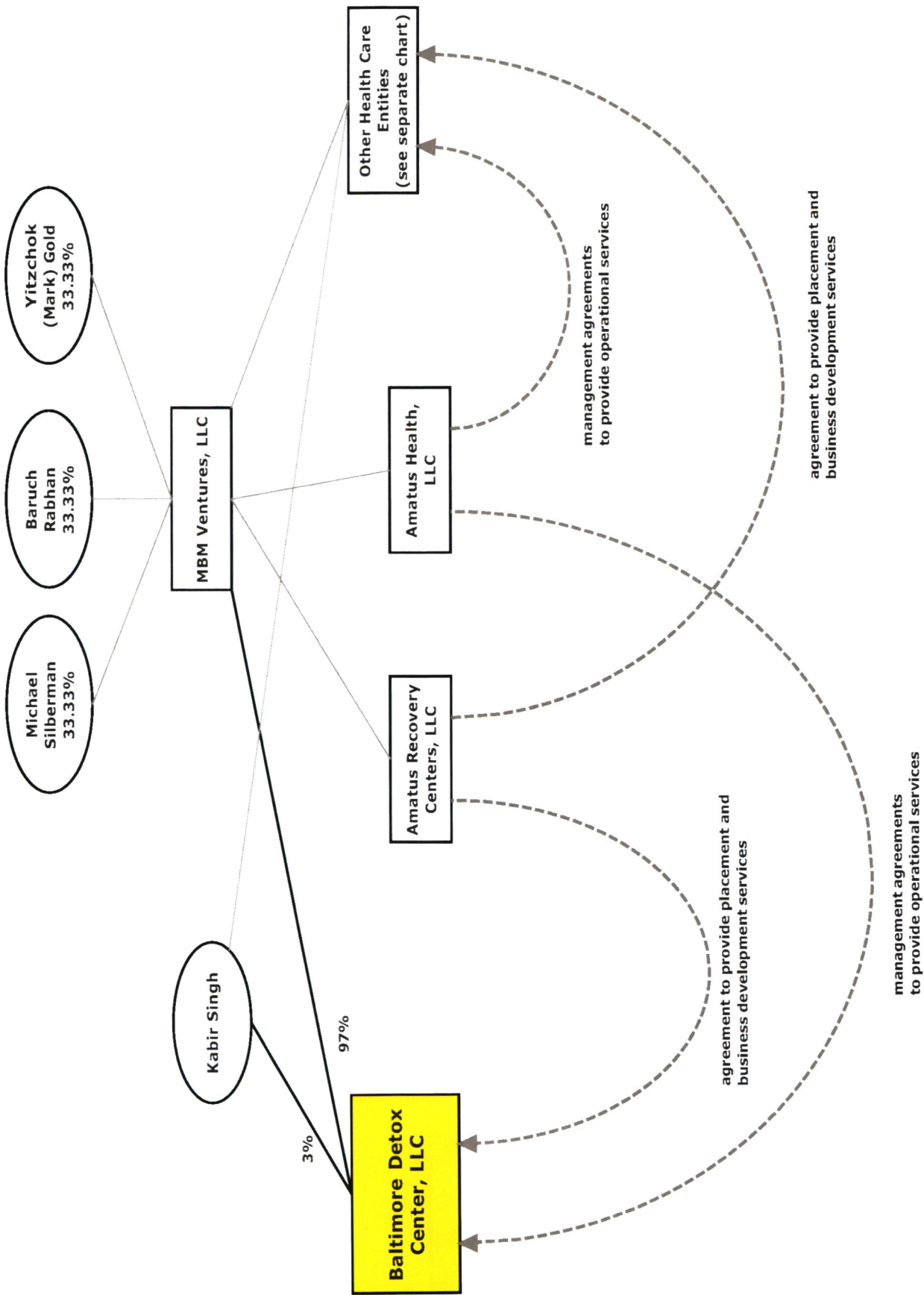
**Attachments:**

- 1 – BDC Organizational Chart
- 2 – Ownership of Related Entities Chart
- 3 – Revised CON Application Table Package (with Worksheets A – E)
- 4 – Affirmations

cc: Suellen Wideman, Assistant Attorney General (email)  
William Chan, Program Manager (email)  
Aliya Jones, M.D., Executive Director, Behavioral Health Administration (email)  
Gregory Wm. Branch, M.D., Health Officer, Baltimore County (email)

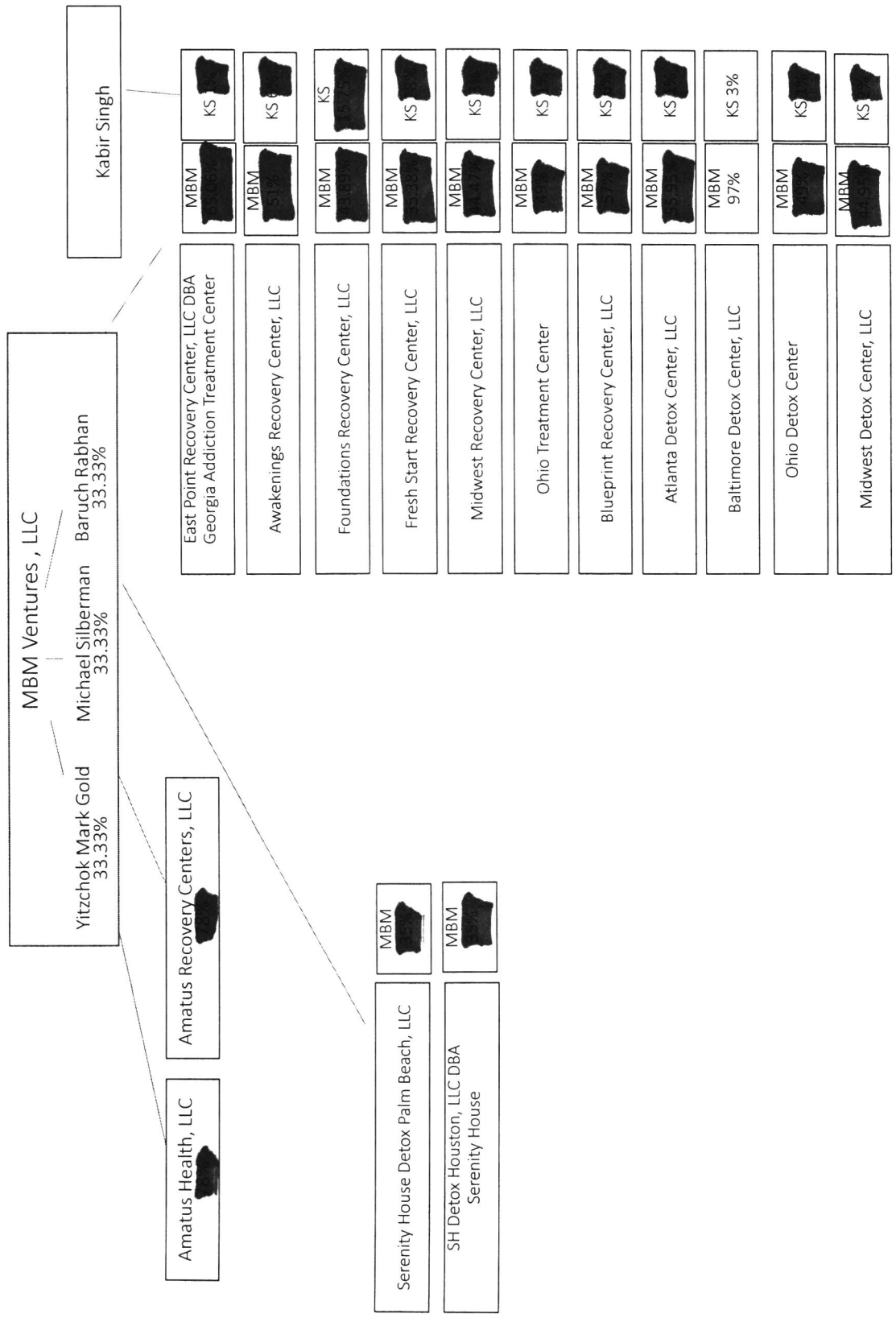
# **Attachment 1**

**BALTIMORE DETOX CENTER, LLC OWNERSHIP STRUCTURE**



# **Attachment 2**





# **Attachment 3**

<u>Table Number</u>	<u>Table Title</u>	<u>Instructions</u>
Table A	Physical Bed Capacity Before and After Project	All applicants whose project impacts any nursing unit, regardless of project type or scope, must complete Table A.
Table B	Project Budget	All applicants, regardless of project type or scope, must complete Table B.
Table C	Statistical Projections - Entire Facility	All applicants must complete Table C. All applicants who complete this table must also complete Table D.
Table D	Revenues & Expenses, Uninflated - New Facility or Service	Applicants who propose to establish a new facility and existing facility applicants who propose a new service and any other applicant who complete a Table C must complete Table D. The projected revenues and expenses in Table D should be consistent with the volume projections in Table C.
Table D 1	Other Expenses Detail	A supplementary table to TABLE D.
Table E	Work Force Information	All applicants, regardless of project type or scope, must complete Table E.

TABLE A. PHYSICAL BED CAPACITY BEFORE AND AFTER PROJECT

INSTRUCTIONS: Identify the location of each nursing unit (add or delete rows if necessary) and specify the room and bed count before and after the project in accordance with the definition of physical capacity noted below. Applicants should add columns and recalculate formulas to address rooms with 3 and 4 bed capacity. NOTE: Physical capacity is the total number of beds that could be physically set up in space without significant renovations. This should be the maximum operating capacity under normal, non-emergency circumstances and is a physical count of bed capacity, rather than a measure of staffing capacity. A room with two headwalls and two sets of gasses should be counted as having capacity for two beds, even if it is typically set up and operated with only one bed. A room with one headwall and one set of gasses is counted as a private room, even if it is large enough from a square footage perspective to be used as a semi-private room, since renovation/construction would be required to convert it to semi-private use. If the hospital operates patient rooms that contain no headwalls or a single headwall, but are normally used to accommodate one or more than one patient (e.g., for psychiatric patients), the physical capacity of such rooms should be counted as they are currently used.

Service Location (Floor/Wing)	Current Licensed Beds	Before the Project				After Project Completion			
		Based on Physical Capacity			Location (Floor/ Wing)*	Based on Physical Capacity			Physical Capacity
		Private	Semi-Private	Total Rooms		3 Bed Room	Semi- Private	Total Rooms	
III.7 AND III.7D									
						Baltimore Detox Center			
						Floor Two	0	12	12
									24
Subtotal III.7 AND III.7D						Subtotal 3.7 WM	0	12	12
						Subtotal Residential	0	0	24
							0	0	0
FACILITY TOTAL						FACILITY TOTAL	0	12	12
							12	12	24



**TABLE B. PROJECT BUDGET**

*INSTRUCTION: Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application. If the project involves services other than level III.7 and III.7D explain the allocation of costs between the levels. NOTE: Inflation should only be included in the Inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.d as a use of funds and on line B.8 as a source of funds*

	WM		TOTAL
<b>A. USE OF FUNDS</b>			
<b>1. CAPITAL COSTS</b>			
<b>a. New Construction</b>			
(1) Building	\$0		\$0
(2) Fixed Equipment	\$0		\$0
(3) Site and Infrastructure	\$0		\$0
(4) Architect/Engineering Fees	\$0		\$0
(5) Permits (Building, Utilities, Etc.)	\$0		\$0
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>b. Renovations</b>			
(1) Building	\$155,000		\$155,000
(2) Fixed Equipment (not included in construction)	N/A		\$0
(3) Architect/Engineering Fees	\$30,000		\$30,000
(4) Permits (Building, Utilities, Etc.)	\$4,500		\$4,500
<b>SUBTOTAL</b>	<b>\$189,500</b>	<b>\$0</b>	<b>\$189,500</b>
<b>c. Other Capital Costs</b>			
(1) Movable Equipment (Beds, Nurse Station, Furnishings)	\$65,000		\$65,000
(2) Contingency Allowance	\$28,300		\$28,300
(3) Gross interest during construction period	\$0		\$0
(4) Other (Specify/add rows if needed)	\$0		\$0
<b>SUBTOTAL</b>	<b>\$93,300</b>		<b>\$93,300</b>
<b>TOTAL CURRENT CAPITAL COSTS</b>	<b>\$282,800</b>	<b>\$0</b>	<b>\$282,800</b>
<b>d. Land Purchase</b>			
	\$0		
<b>e. Inflation Allowance (1.5% annually over 9 months)</b>			
	\$3,182		\$3,182
<b>TOTAL CAPITAL COSTS</b>	<b>\$285,982</b>	<b>\$0</b>	<b>\$285,982</b>
<b>2. Financing Cost and Other Cash Requirements</b>			
a. Loan Placement Fees			
b. Bond Discount			
c. CON Application Assistance			
c1. Legal Fees	\$35,000		\$35,000
c2. Other Fees	\$40,000		\$40,000
d. Non-CON Consulting Fees			
d1. Legal Fees			
d2. Other (Specify/add rows if needed)			
e. Debt Service Reserve Fund			
i. Other (Specify/add rows if needed)			
<b>SUBTOTAL</b>	<b>\$75,000</b>	<b>\$0</b>	<b>\$75,000</b>
<b>3. Working Capital Startup Costs</b>	<b>\$225,000</b>		<b>\$225,000</b>
<b>TOTAL USES OF FUNDS</b>	<b>\$585,982</b>	<b>\$0</b>	<b>\$585,982</b>
<b>B. Sources of Funds</b>			
1. Cash	\$585,982		\$585,982
2. Philanthropy (to date and expected)	\$0		\$0
3. Authorized Bonds	\$0		\$0
4. Interest Income from bond proceeds listed in #3	\$0		\$0
5. Mortgage	\$0		\$0
6. Working Capital Loans	\$0		\$0
7. Grants or Appropriations			
a. Federal	\$0		\$0
b. State	\$0		\$0
c. Local	\$0		\$0
8. Other (Specify/add rows if needed)	\$0		\$0
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$585,982</b>		<b>\$585,982</b>
	III.7 and III.7D	RESIDENTIAL	TOTAL
<b>Annual Lease Costs (if applicable)</b>			
1. Land	\$0		\$0
2. Building	\$240,000	\$0	\$240,000
3. Major Movable Equipment	\$0		\$0
4. Minor Movable Equipment	\$0		\$0
5. Other (Specify/add rows if needed)	\$0		\$0

\* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.



**TABLE C. STATISTICAL PROJECTIONS - ENTIRE FACILITY**

**INSTRUCTION:** Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

Indicate CY or FY	Two Most Recent Years (Actual)	Current Year Projected 2021	2022	2023	2024	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.
<b>1. DISCHARGES</b>						
a. Residential						
b. III.7 WM		875	950	1,050	1,150	
c. Other (Specify/add rows of needed)						
<b>TOTAL DISCHARGES*</b>	<b>0</b>	<b>875</b>	<b>950</b>	<b>1,050</b>	<b>1,150</b>	<b>0</b>
<b>2. PATIENT DAYS</b>						
a. Residential						
b. III.7 and III.7D		6,125	6,793	7,665	8,568	
c. Other (Specify/add rows of needed)						
<b>TOTAL PATIENT DAYS</b>	<b>0</b>	<b>6,125</b>	<b>6,793</b>	<b>7,665</b>	<b>8,568</b>	<b>0</b>
<b>3. AVERAGE LENGTH OF STAY (patient days divided by discharges)</b>						
a. Residential						
b. III.7 WM		7.0	7.2	7.3	7.5	
c. Other (Specify/add rows of needed)						
<b>TOTAL AVERAGE LENGTH OF STAY</b>		7.0	7.2	7.3	7.5	
<b>4. NUMBER OF LICENSED BEDS</b>						
a. Residential						
b. III.7 WM		24	24	24	24	
c. Other (Specify/add rows of needed)						
<b>TOTAL LICENSED BEDS</b>	<b>0</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>0</b>
<b>5. OCCUPANCY PERCENTAGE *IMPORTANT NOTE: Leap year formulas should be changed by applicant to reflect 366 days per year.</b>						
a. Residential						
b. III.7 WM		69.9%	77.5%	87.5%	97.5%	
c. Other (Specify/add rows of needed)						
<b>TOTAL OCCUPANCY %</b>		<b>69.9%</b>	<b>77.5%</b>	<b>87.5%</b>	<b>97.5%</b>	
<b>6. OUTPATIENT VISITS</b>						
a. Residential						
b. III.7 and III.7D						
c. Other (Specify/add rows of needed)						
<b>TOTAL OUTPATIENT VISITS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Includes discharges for patients who receive some combination of detox and residential services during an average stay.

**ASSUMPTIONS:**

1. BDC will commence operations January 1, 2021.
2. ALOS comprises of both detox and intensive inpatient services, and slightly grows as facility continues services.

TABLE D. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE

**INSTRUCTION:** After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table F should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table E and with the costs of Manpower listed in Table G. Manpower: Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.				
Indicate CY or FY	2021 CY	2022 CY	2023 CY	2024 CY
<b>1. REVENUE</b>				
a. Inpatient Services	\$ 6,786,500	\$ 7,526,090	\$ 8,492,820	\$ 9,492,790
b. Outpatient Services	N/A	N/A	N/A	N/A
<b>Gross Patient Service Revenues</b>	<b>\$ 6,786,500</b>	<b>\$ 7,526,090</b>	<b>\$ 8,492,820</b>	<b>\$ 9,492,790</b>
c. Allowance for Bad Debt	\$ 1,357,300	\$ 1,505,218	\$ 1,698,564	\$ 1,898,558
d. Contractual Allowance	\$ 678,650	\$ 752,609	\$ 849,282	\$ 949,279
e. Charity Care	\$ 1,017,975	\$ 1,128,914	\$ 1,273,923	\$ 1,423,919
<b>Net Patient Services Revenue</b>	<b>\$ 3,732,575</b>	<b>\$ 4,139,350</b>	<b>\$ 4,671,051</b>	<b>\$ 5,221,035</b>
f. Other Operating Revenues (Toxicology - UIA)	\$ 429,000	\$ 540,000	\$ 540,000	\$ 540,000
<b>NET OPERATING REVENUE</b>	<b>\$ 4,161,575</b>	<b>\$ 4,679,350</b>	<b>\$ 5,211,051</b>	<b>\$ 5,761,035</b>
<b>2. EXPENSES</b>				
a. Salaries & Wages (including benefits)	\$ 1,864,390	\$ 2,112,975	\$ 2,311,843	\$ 2,485,853
b. Contractual Services	\$ 87,750	\$ 99,450	\$ 108,810	\$ 117,000
c. Interest on Current Debt	\$ -	\$ -	\$ -	\$ -
d. Interest on Project Debt	\$ -	\$ -	\$ -	\$ -
e. Current Depreciation	\$ -	\$ -	\$ -	\$ -
f. Project Depreciation (60 months)	\$ 55,450	\$ 55,450	\$ 55,450	\$ 55,450
g. Current Amortization	\$ -	\$ -	\$ -	\$ -
h. Project Amortization	\$ -	\$ -	\$ -	\$ -
i. Other Expenses (See TABLE D.1.)	\$ 1,415,923	\$ 1,671,263	\$ 1,764,547	\$ 1,831,760
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 3,423,513</b>	<b>\$ 3,935,138</b>	<b>\$ 4,240,650</b>	<b>\$ 4,490,063</b>
<b>3. INCOME</b>				
a. Income From Operation	\$ 738,062	\$ 740,211	\$ 970,401	\$ 1,270,972
b. Non-Operating Income	\$ -	\$ -	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 738,062</b>	<b>\$ 740,211</b>	<b>\$ 970,401</b>	<b>\$ 1,270,972</b>
c. Income Taxes	\$ -	\$ -	\$ -	\$ -
<b>NET INCOME (LOSS)</b>	<b>\$ 738,062</b>	<b>\$ 740,211</b>	<b>\$ 970,401</b>	<b>\$ 1,270,972</b>
<b>4. PATIENT MIX</b>				
a. Percent of Total Revenue				
1) Medicare	0.0%	0.0%	0.0%	0.0%
2) Medicaid	22.0%	22.0%	22.0%	22.0%
3) Blue Cross	41.4%	41.4%	41.4%	41.4%
4) Commercial Insurance	20.0%	20.0%	20.0%	20.0%
5) Self-pay	1.5%	1.5%	1.5%	1.5%
6) Charity Care	15.0%	15.0%	15.0%	15.0%
7) Other	0.05%	0.05%	0.05%	0.05%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
b. Percent of Equivalent Inpatient Days				
<b>Total MSGA</b>				
1) Medicare	0.0%	0.0%	0.0%	0.0%
2) Medicaid	22.0%	22.0%	22.0%	22.0%
3) Blue Cross	41.4%	41.4%	41.4%	41.4%
4) Commercial Insurance	20.0%	20.0%	20.0%	20.0%
5) Self-pay	1.5%	1.5%	1.5%	1.5%
6) Charity Care	15.0%	15.0%	15.0%	15.0%
7) Other	0.05%	0.05%	0.05%	0.05%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

**ASSUMPTIONS:**

1. a. Inpatient Services  
Calculated as annual patient days @ \$1,108 per deim
1. c. Allowance for Bad Debt  
Projected at 30% of Inpatient Revenue
1. e. Charity Care  
Projected at 15% of Inpatient Revenue
1. f. Other Operating Revenues (Toxicology - Unlabeled)  
Projected at \$45,000 per month.
2. a. Wages and Salaries  
See TABLE E: Workforce
2. f. Project Depreciation (60 months)  
Project cost of \$277,250 depreciated over 5 years (term of lease) equals \$55,450



<u>OTHER EXPENSES</u>	<u>ASSUMPTIONS</u>	<u>Cost</u>	<u>Fixed/ Variable</u>	<u>2021 CY</u>	<u>2022 CY</u>	<u>2023 CY</u>	<u>2024 CY</u>
	Variable Expense Increase %: Same as Occupancy Growth			N/A	50.0%	10.2%	5.9%
	Total Days			6125	6793	7665	8568
<b>Food</b>							
Meals	6.50 a meal x 3 / Per Patient	\$19.50	F	\$119,438	\$132,454	\$149,468	\$167,066
Snacks	2k a month	\$2,000.00	V	\$24,000	\$36,000	\$39,672	\$42,013
Referral Development - Luncheons & Open House	2k a month	\$2,000.00	F	\$24,000	\$24,000	\$24,000	\$24,000
<b>Total - Food Expenses</b>				<b>\$167,438</b>	<b>\$192,454</b>	<b>\$213,140</b>	<b>\$233,079</b>
<b>Meds</b>							
Medical Supply Detox	3500 per month	\$3,500.00	V	\$42,000	\$63,000	\$69,426	\$73,522
<b>Total - Meds Expenses</b>				<b>\$42,000</b>	<b>\$63,000</b>	<b>\$69,426</b>	<b>\$73,522</b>
<b>Patient Services</b>							
Cable TV - Common Areas / Netflix	1000 per month	\$1,000.00	F	\$12,000	\$12,000	\$12,000	\$12,000
Activities Contracted	5k per month	\$5,000.00	F	\$60,000	\$60,000	\$60,000	\$60,000
Patient Ground Transportation (2 Vehicle Expense )	3k per month	\$3,000.00	F	\$36,000	\$36,000	\$36,000	\$36,000
<b>Total - Patient Services Expenses</b>				<b>\$108,000</b>	<b>\$108,000</b>	<b>\$108,000</b>	<b>\$108,000</b>
<b>Building Services</b>							
Real Estate Rent Expense	20,000 per month	\$20,000.00	F	\$240,000	\$240,000	\$240,000	\$240,000
Utilities	3500 per month	\$3,500.00	F	\$42,000	\$42,000	\$42,000	\$42,000
Linens & Laundry	800 PER MONTH materials	\$800.00	V	\$9,600	\$14,400	\$15,869	\$16,805
Security Services (Fire Alarm / Cameras / Secured Entry )	650 per month	\$650.00	F	\$7,800	\$7,800	\$7,800	\$7,800
Common Area Cleaning & Room Cleaning Services	550 per month materials	\$550.00	F	\$6,600	\$6,600	\$6,600	\$6,600
Repairs & Maintenance	materials only maint. Tech	\$2,500.00	V	\$30,000	\$45,000	\$49,590	\$52,516
<b>Total - Building Services Expenses</b>				<b>\$336,000</b>	<b>\$355,800</b>	<b>\$361,859</b>	<b>\$365,721</b>
<b>Marketing</b>							
Advertising - Industry Publications	1250 per month	\$1,250.00	F	\$15,000	\$15,000	\$15,000	\$15,000
Conference Sponsorship	1650 per month	\$1,650.00	F	\$19,800	\$19,800	\$19,800	\$19,800
Internet / SEO / PPC/ Client Marketing	8,500 per month	\$8,500.00	F	\$102,000	\$102,000	\$102,000	\$102,000
Postage & Mailing	1850 per month	\$1,850.00	V	\$22,200	\$33,300	\$36,697	\$38,862
Marketing & Promotional Materials	5,000 per month	\$5,000.00	V	\$60,000	\$90,000	\$99,180	\$105,032
Travel & Lodging	5000 per month	\$5,000.00	F	\$60,000	\$60,000	\$60,000	\$60,000
<b>Total - Marketing Expenses</b>				<b>\$279,000</b>	<b>\$320,100</b>	<b>\$332,677</b>	<b>\$340,693</b>
<b>Administrative</b>							
Advertising Employment (Job Boards)		\$600.00	F	\$7,200	\$7,200	\$7,200	\$7,200
Computer Printer & Equipment		\$850.00	F	\$10,200	\$10,200	\$10,200	\$10,200
Backend System / EMR - Retain Inactive Files	Kipu (fee per patient + 500)	\$500.00	V	\$30,063	\$32,125	\$34,875	\$37,625
Telephone / Internet	450 per month	\$450.00	F	\$5,400	\$5,400	\$5,400	\$5,400
Insurance	1,000 per month	\$1,000.00	F	\$12,000	\$12,000	\$12,000	\$12,000
Unforeseen / Miscellaneous Expenses	1,000 per month	\$1,000.00	F	\$12,000	\$12,000	\$12,000	\$12,000
Office Supplies		\$2,000.00	F	\$24,000	\$24,000	\$24,000	\$24,000
Copiers - Network		\$500.00	F	\$6,000	\$6,000	\$6,000	\$6,000
Postage & Shipping		\$300.00	F	\$3,600	\$3,600	\$3,600	\$3,600
<b>Total - Administrative Expenses</b>				<b>\$110,463</b>	<b>\$112,525</b>	<b>\$115,275</b>	<b>\$118,025</b>
<b>Professional Services</b>							
Billing & Utilizations Review (U/R)	9%		V	\$292,723	\$439,085	\$483,871	\$512,420
Accounting Fees (Audit & Tax)	30,000 a year	\$2,500.00	F	\$30,000	\$30,000	\$30,000	\$30,000
IT Support - Contract Services	3600 a year	\$300.00	F	\$3,600	\$3,600	\$3,600	\$3,600
Legal Fees	18,000 Year	\$1,500.00	F	\$18,000	\$18,000	\$18,000	\$18,000
Professional Dues - Individuals		\$350.00	F	\$4,200	\$4,200	\$4,200	\$4,200
Staff Training & Supervisor	12500 year	\$1,042.00	F	\$12,500	\$12,500	\$12,500	\$12,500
<b>Total - Professional Services Expenses</b>				<b>\$361,023</b>	<b>\$507,385</b>	<b>\$552,171</b>	<b>\$580,720</b>
<b>Licensing</b>							
Licenses & On Site Survey Fees	1,000 per month	\$1,000.00	F	\$12,000	\$12,000	\$12,000	\$12,000
<b>Total - Licensing Expenses</b>				<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>
<b>Total - Other Expenses</b>				<b>\$1,415,923</b>	<b>\$1,671,263</b>	<b>\$1,764,547</b>	<b>\$1,831,760</b>



TABLE E. WORKFORCE INFORMATION

**INSTRUCTION:** List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G.

Job Category	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS) *	
	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	FTEs	Average Salary per FTE	Total Cost (should be consistent with projections in Table D, if submitted).	FTEs	Average Salary per FTE	Total Cost	FTEs	Total Cost (should be consistent with projections in Table D)
<b>1. Regular Employees</b>											
Administration (List general categories, add rows if needed)											
CEO			\$0	1.0	\$130,000	\$130,000			\$0	1.0	\$130,000
COO			\$0	1.0	\$95,000	\$95,000			\$0	1.0	\$95,000
Clinical Director			\$0	1.0	\$82,000	\$82,000			\$0	1.0	\$82,000
Compliance Officer / QA / HR			\$0	1.0	\$65,000	\$65,000			\$0	1.0	\$65,000
Director of Admissions			\$0	1.0	\$80,000	\$80,000			\$0	1.0	\$80,000
Outreach Coordinators			\$0	3.0	\$45,000	\$135,000			\$0	3.0	\$135,000
<b>Total Administration</b>				<b>8.0</b>		<b>\$587,000</b>			<b>\$0</b>	<b>8.0</b>	<b>\$587,000</b>
Direct Care Staff (List general categories, add rows if needed)											
Medical Director			\$0	1.0	\$240,000	\$240,000			\$0	1.0	\$240,000
Director of Nursing RN			\$0	1.0	\$115,000	\$115,000			\$0	1.0	\$115,000
Nurse RN			\$0	6.0	\$82,500	\$495,000			\$0	6.0	\$495,000
Clinician			\$0	1.0	\$95,000	\$95,000			\$0	1.0	\$95,000
<b>Total Direct Care</b>				<b>9.0</b>		<b>\$945,000</b>			<b>\$0</b>	<b>9.0</b>	<b>\$945,000</b>
Support Staff (List general categories, add rows if needed)											
Admission / Insurance			\$0	1.0	\$55,000	\$55,000			\$0	1.0	\$55,000
Intake Coordinator			\$0	1.0	\$40,000	\$40,000			\$0	1.0	\$40,000
Case Manager			\$0	1.0	\$44,000	\$44,000			\$0	1.0	\$44,000
Maintenance Tech			\$0	1.0	\$55,000	\$55,000			\$0	1.0	\$55,000
Behavioral Health Tech			\$0	11.0	\$35,000	\$385,000			\$0	11.0	\$385,000
<b>Total Support</b>			\$0	<b>15.0</b>		<b>\$579,000</b>			<b>\$0</b>	<b>15.0</b>	<b>\$579,000</b>
<b>REGULAR EMPLOYEES TOTAL</b>			\$0	<b>32.00</b>		<b>\$2,111,000</b>			<b>\$0</b>	<b>32.0</b>	<b>\$2,111,000</b>
<b>2. Contractual Employees</b>											
Administration (List general categories, add rows if needed)											
Dietician (per diem)			\$0			\$25,000			\$0	0.0	\$25,000
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
<b>Total Contractual</b>			\$0			<b>\$25,000</b>			<b>\$0</b>	<b>0.0</b>	<b>\$25,000</b>
Direct Care Staff (List general categories, add rows if needed)											
Psychiatric Nurse Practitioner			\$0	1.0	\$92,000	\$92,000			\$0	1.0	\$92,000
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
<b>Total Direct Care Staff</b>			\$0			<b>\$92,000</b>			<b>\$0</b>	<b>0.0</b>	<b>\$92,000</b>
Support Staff (List general categories, add rows if needed)											
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
			\$0			\$0			\$0	0.0	\$0
<b>Total Support Staff</b>			\$0			<b>\$0</b>			<b>\$0</b>	<b>0.0</b>	<b>\$0</b>
<b>CONTRACTUAL EMPLOYEES TOTAL</b>			\$0			<b>\$117,000</b>			<b>\$0</b>	<b>0.0</b>	<b>\$117,000</b>
<b>Payroll Taxes (Employer)*</b>			<b>\$0</b>			<b>259,653</b>					<b>259,653</b>
<b>Benefits** (State method of calculating benefits below) :</b>			<b>\$0</b>			<b>115,200</b>					<b>115,200</b>
<b>TOTAL COST</b>	<b>0.0</b>		<b>\$0</b>	<b>32.0</b>		<b>\$2,602,853</b>	<b>0.0</b>		<b>\$0</b>		<b>\$2,602,853</b>

## ASSUMPTIONS:

\*Calculated as 12.3% of total compensation (line 27).

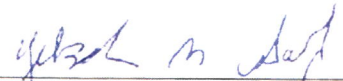
\*\*Benefits calculated as \$9,600 per month (Employer contribution).

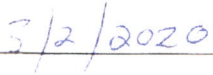
# **Attachment 4**



### **AFFIRMATION**

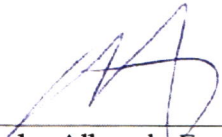
I hereby declare and affirm under the penalties of perjury that the facts stated in the foregoing Response to Project Status Conference Regarding the Certificate of Need Application of Baltimore Detox Center, LLC and attachments are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Mark Gold, President  
Baltimore Detox Center, LLC

  
\_\_\_\_\_  
Date

### **AFFIRMATION**

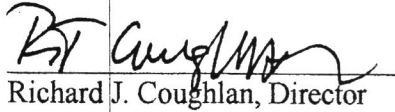
I hereby declare and affirm under the penalties of perjury that the facts stated in the foregoing Response to Project Status Conference Regarding the Certificate of Need Application of Baltimore Detox Center, LLC and attachments are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Nicholas Albaugh, Executive Director  
Baltimore Detox Center, LLC

2/2/2020  
\_\_\_\_\_  
Date

### AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in the foregoing Response to Project Status Conference Regarding the Certificate of Need Application of Baltimore Detox Center, LLC and attachments are true and correct to the best of my knowledge, information, and belief.



Richard J. Coughlan, Director  
DHG Healthcare

Consultant to Baltimore Detox Center, LLC

Date 3/2/20